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November 1, 2012

**VIA E-MAIL**

The Honorable Paul A. Engelmayer  
United States District Judge  
Southern District of New York  
Daniel Patrick Moynihan United States Courthouse  
500 Pearl Street, Room 670  
New York, NY 10007-1312

*Starr International Company, Inc. v. Federal Reserve Bank of New York*  
Civil Action No. 11-cv-8422 (PAE)

Dear Judge Engelmayer:

Plaintiff respectfully submits the following comments on AIG's October 31, 2012 letter to the Court.

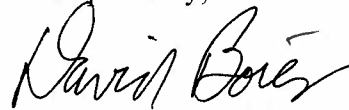
1. The Board minutes do not show Board approval, or even Board knowledge, of material terms of the ML III transaction.
2. The minutes do not reflect Board approval that the counterparties would be paid 100 cents on the dollar. On the contrary, Annex D, page 2 (the Term Sheet), point III ("Termination Agreement") anticipates that a "concession" may be obtained from the counterparties. Appendix A1 to the Term Sheet, an outline of the proposed agreement with each of the counterparties, also contemplates that the counterparties will not be paid at par value ("Sum of Purchase Price and Termination Price: [9\_] % of CDO Pool par value").
3. The minutes also do not reflect Board approval (or even knowledge) that the counterparties would receive general releases, particularly in addition to 100% of par value and without AIG receiving any consideration for those releases.
4. The minutes also do not reflect Board approval (or knowledge) that Defendant FRBNY intended to use AIG assets for the purpose of supporting certain counterparties (the now widely described "backdoor bailouts").
5. The minutes also do not reflect Board approval (or knowledge) that FRBNY would negotiate and set the final terms of transactions. On the contrary, the minutes (page 11)

Hon. Paul A. Engelmayer  
November 1, 2012  
Page 2 of 2

contemplate that AIG would "cause one or more of its subsidiaries to negotiate for the termination" of the CDS Transactions.

6. The minutes also do not reflect Board approval of (or what the Board knew or did not know about) FRBNY's discussions and negotiations with counterparties prior to the Board meeting.
7. We also note that the materials submitted by AIG do not reflect what information or basis, if any, the Board had for the action taken.

Yours respectfully,

A handwritten signature in black ink, appearing to read "David Boies", written in a cursive style.

David Boies

cc: John S. Kiernan (jkiernan@debevoise.com)  
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